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**M.H. de YOUNG MEMORIAL
MUSEUM**

**VISITORSHIP, FISCAL
BENEFIT AND ECONOMIC
IMPACT ANALYSIS**

Presented by:

SEDWAY GROUP

Presented to:

**THE FINE ARTS MUSEUMS OF SAN
FRANCISCO**

SEPTEMBER 11, 1997

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September 11, 1997

Mr. Harry S. Parker III
Director of Museums
The Fine Arts Museums of San Francisco
233 Post Street
San Francisco, CA 94108-5003

Re: M.H. de Young Memorial Museum Visitorship, Fiscal Benefit and Economic Impact Study

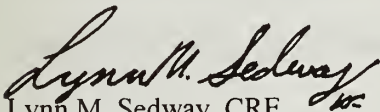
Dear Mr. Parker:


Sedway Group is pleased to present the following study regarding the visitorship, fiscal benefit and economic impact of the M.H. de Young Memorial Museum ("de Young Museum" or "Museum"). The purpose of this study is to compare the Museum's present Golden Gate Park location with a downtown location.

The following report includes an introduction, followed by chapters individually exploring visitorship, fiscal benefit and economic impact. The conclusions of this report are then summarized and are subject to the assumptions and limiting conditions that are appended to the end of this report.

We are pleased to have provided assistance to The Fine Arts Museums of San Francisco regarding this very important project.

Sincerely,


Lynn M. Sedway, CRE
Principal


Mary A. Smitheram-Sheldon
Manager

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Enclosure

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M.H. de Young Memorial
Museum : visitorship,
1997.

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I. INTRODUCTION

Sedway Group was retained by the Corporation of the Fine Arts Museums of San Francisco to conduct a comparative, objective analysis of two alternative sites for the M.H. de Young Memorial Museum (“de Young Museum” or “Museum”). This analysis includes visitorship estimates, fiscal benefits, and economic impacts. The Museum is currently located in Golden Gate Park. Because of structural damage to the building resulting from the 1989 Loma Prieta Earthquake, the existing building needs to be replaced. In addition to issues related to the physical plant, the Museum is beset by other problems affecting visitorship, primarily transportation access given its location in the Park. As a result, the Board of Trustees of the Fine Arts Museums of San Francisco engaged in a long-term process to identify an alternative location for the Museum.

The Board of Trustees recently voted to select Mid-Embarcadero Blocks 202 and 203 in downtown San Francisco as the preferred site for the new de Young Museum. As the preferred location, Mid-Embarcadero is the primary focus of this study, in which the visitorship, fiscal benefit, and economic impacts of the Mid-Embarcadero site are explored in comparison to the current Golden Gate Park site. While the Trustees voted to select the Mid-Embarcadero site, they also voted to retain the option of locating at other downtown locations, which may have slightly different impacts. Therefore, the analysis often refers to a “downtown” site, facilitating flexibility in interpreting the study results.

This report summarizes the analyses by Sedway Group. The following chapter analyzes critical issues of Museum visitorship, rates the alternative sites with respect to their visitorship potential, and develops projections for long-term visitorship assuming either relocation of the Museum to the Mid-Embarcadero site or a new building at the existing Park location. Next Sedway Group develops Museum-related projections of the fiscal benefit accruing to the City and County of San Francisco (e.g., taxes), as well as the revenues to be received by the Museum. This is followed by Museum-related economic impacts on the City as well as its business community. Visitorship is found to be the most critical factor in determining the fiscal and economic impacts. The final report chapter presents a summary of findings.

II. MUSEUM VISITORSHIP

Museum visitorship is a significant issue for the M.H. de Young Memorial Museum. Visitorship is not only a primary determinant of future financial viability, but also an indicator of the success of the museum in serving its community. This chapter discusses the components of visitorship and current visitorship trends experienced at the de Young Museum. The trends at the Museum, in conjunction with visitorship information obtained through research and discussions with other museums, are used to develop a framework within which to evaluate the visitorship potential of the Museum's Golden Gate Park location *vis-à-vis* a site in San Francisco's downtown at Mid-Embarcadero.¹ The framework includes assigning weights to various visitorship factors and sub-factors. Golden Gate Park and Mid-Embarcadero are then assessed with respect to each factor and then evaluated in terms of their relative visitorship potential. The chapter then concludes with an estimate of stabilized (long-term) visitorship for the Golden Gate Park and Mid-Embarcadero sites assuming reconstruction or relocation of the Museum.

IMPORTANCE AND COMPONENTS OF VISITORSHIP

A given museum collection may be artistically or historically significant, but with visitors, a collection becomes a dynamic, vital component of a community's cultural life. As stated in the *Manual of Museum Planning*:

Museums seem to be about objects, but are really about people. . . .The 'people' dimension is the fundamental test of whether a museum is truly effective in realizing its ultimate objectives of interpreting the meaning and value of its holdings to its visitors.²

Visitorship may be broken down in a variety of ways. With respect to this study, there are two important components: visitorship related to exhibitions, or what is in the museum; and visitorship related to the building and location, or the museum's physical plant.

The first component of visitorship rests in the collections contained within a museum. For many museums, a tension exists between collecting and maintaining significant art or artifacts and providing exhibits that appeal to the public. Museums must strike a balance between retaining the interest of their members and attracting a broader audience. Part of this balance has been achieved by the emergence of the "special exhibition," which many trace to the 1977 "blockbuster" King Tutankhamen exhibition. Special exhibitions are now a prime generator of new and repeat visitorship. For example, the 1995

¹The Board of Trustees of the Fine Arts Museums of San Francisco recently voted to select Mid-Embarcadero Blocks 202 and 203 as the preferred site for the new de Young Museum. As the preferred location, Mid-Embarcadero is the focus of this study. However, the Trustees also voted to retain the option of locating at other downtown sites, which may have slightly different potential and impacts.

²*The Manual of Museum Planning*; editors: Gail Dexter and Barry Lord, Museum Enterprises Ltd., London, 1991 p. 17.

“Monet: Late Years at Giverny” exhibition at the de Young Museum proved very popular, drawing 283,000 people in ten weeks. More recently, the Fabergé exhibit drew 171,387 people in ten weeks from the end of May through July 1996. Given the draw of special exhibitions, it is expected that they will continue to have an important role in future museum programming.

The other component of visitorship relates to the museum’s physical plant – the building and its site. Issues with the building are architectural in nature: space for visitor services, exhibits and staff; access for visitors with disabilities; storage and conservation space; climate control system; etc. It is anticipated that any new building will experience a short-term increase in visitorship due to the increased awareness of the facility as a result of advertising and media coverage. Another part of the short-term visitorship increase is the novelty of the new facilities and galleries. In the case of facilities that were closed during construction, this novelty also derives from the fact that visitors have not been able to view the collections for a period of time. For example, the California Palace of the Legion of Honor (“Legion”) reopened in November 1995 after a substantial renovation and expansion to great fanfare and crowds.

With respect to the site of the Museum, visitorship depends on several factors, such as the museum’s accessibility to residents, tourists, students, and area employees via automobile, public transit or foot; synergy with other attractions or activities; perception of safety; and visibility. These factors and other key contributors to visitorship are discussed and evaluated in this chapter with respect to the Golden Gate Park and Mid-Embarcadero sites.

VISITORSHIP PROJECTION METHODOLOGY

In order to evaluate the visitorship potential for the de Young Museum in Golden Gate Park as compared to Mid-Embarcadero, Sedway Group performed research into factors relevant to museum visitorship. This research was based in part on an analysis of the de Young Museum’s recent visitorship experience, which includes annual visitor tabulations for the past seven fiscal years, as well as surveys performed during the Amish (June to September 1990), Tanner (December 1991 to February 1992), Teotihuacan (May to October 1993), Dead Sea Scrolls (February to June 1994) and Monet (March to May 1995) special exhibits. A baseline survey, performed during a period without a special exhibit in January 1996, was also analyzed. Other relevant data were also provided by the staff at the Fine Arts Museums of San Francisco (FAMSF).

A literature review and interviews with representatives of other museums were also performed in order to identify factors relevant to museum visitorship and to develop a relative weighting system. Two museums that were interviewed, the Seattle Art Museum and the Dallas Museum of Art, moved from parks to downtown locations; hence, their experiences with respect to visitorship potential are especially important. Another salient example is the San Francisco Museum of Modern Art (SFMOMA), which

moved from the Civic Center to the Yerba Buena Center.³ Also used was information from current and prior telephone interviews with personnel of selected museums around the country.⁴

The result of the research was an identification of factors and sub-factors that most heavily impact visitorship. Information on the relative importance of the factors, reflected in a weighting system, was derived. Some ratings and evaluation information were provided by Wilbur Smith Associates, the traffic and transportation subconsultants for the recent de Young Museum relocation study. Application of the weighting and rating systems resulted in a comparison of the visitorship potential for the Golden Gate Park and Mid-Embarcadero sites.

One important methodological note is that the discussion of annual attendance for the de Young Museum is complicated by the fact that it shares the same entrance as the Asian Art Museum; the two museums also share admission revenues. The Asian Art Museum will be moving into the old library building at the Civic Center, thus severing the tie between the two institutions. However, the figures presented in this analysis include both museums as there is no way to isolate the attendance at the Asian Art Museum. For purposes of this study, the FAMSF estimates that about 25 percent of total attendance represents visitors who are mainly drawn to the Asian Art Museum.

EXISTING M.H. DE YOUNG MEMORIAL MUSEUM VISITORSHIP

Annual Attendance Trends

Exhibit 1 outlines annual attendance at the de Young/Asian Museum for the seven most recent fiscal years, 1990-91 to 1996-97. The Museum's attendance does not demonstrate any strong growth trends; instead, attendance has fluctuated tremendously during this time period. In fact, 1996-97 attendance was similar to that in 1990-91, both of which are near the average attendance level over this period of 574,000 persons. While the Museum is experiencing fairly stagnant attendance, San Francisco overall is experiencing a strong economy with increasing tourism. However, there is also more arts competition, with the openings of the new SFMOMA and the renovated Legion in 1995.

An important determinant of attendance levels is the occurrence of large special exhibits. The years with high attendance, defined as well above the average, are those in which there was a very popular large special exhibit, such as Monet in 1994-95, or two large exhibits, like 1993-94 with the Teotihuacan and Dead Sea Scrolls exhibits. Years with lower attendance are those that were relatively bereft of large special exhibits, such as 1992-93 (Teotihuacan started two months before the end of the fiscal year) and 1995-96 (the Fabergé exhibit began at the end of May 1996, about six weeks before the end of the fiscal year). Another low-attendance year, 1991-92, featured only one major special exhibit.

³A more complete discussion of the experiences of these museums is presented in the Economic Impact chapter.

⁴ The participating museums include the Boston Museum of Fine Arts, the Cleveland Museum of Art, the High Museum in Atlanta, the Oakland Museum, the Metropolitan Museum of Art, the Museum of Contemporary Art, and the St. Louis Art Museum.

EXHIBIT 1
M. H. DE YOUNG MEMORIAL MUSEUM
ANNUAL ATTENDANCE
FISCAL YEARS 1990-91 TO 1996-97

Fiscal Year (1)	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	Averages
Total Attendance	572,584	475,626	416,217	606,586	882,138	491,206	570,900	573,608
Percent Change	N/A	-16.93%	-12.49%	45.74%	45.43%	-44.32%	16.22%	
Special Exhibits (2)								
-Attendance	Amish 126,656	Tanner 93,714	Teotihuacan 237,306	----->	Monet 283,063	Faberge 171,387	----->	181,055
-Dates	6/90 to 9/90	12/91 to 2/92	5/93 to 10/93	----->	3/95 to 5/95	5/96 to 7/96	----->	
-Attendance	Dutch 185,280			Dead Sea Scrolls 169,980				
-Dates	2/91 to 5/91			2/94 to 6/94				
Saturday Attendance	138,173	109,334	96,527	133,103	180,009	98,466	120,992	125,229
Sunday Attendance	123,471	95,672	72,690	118,729	164,873	97,067	116,341	112,692

Notes:

- (1) Fiscal years are from July to June.
(2) Special exhibits do not include those at the Asian Art Museum.

Sources: Fine Arts Museums of San Francisco; Sedway Group.

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Given these fluctuations, Sedway Group uses the average attendance figures for the past seven fiscal years for analytic purposes. On average, about 574,000 people visit the museum annually, of which 32 percent, 181,000 people, attend a major special exhibit (e.g., a blockbuster exhibit with a supplemental entrance fee).

Other Attendance Considerations

Annual attendance may be broken down into a number of categories. These categories provide insight into the character of the Museum's visitorship. Some of the more important categories from the site location standpoint are day of week, origin of visitors, transportation and other activities included in visit. The following discusses relevant figures for some of these categories, as presented in Exhibit 2.

Attendance by Day of Week. The Museum has consistently achieved its highest attendance on Wednesday. This is due to the Museum's policy whereby the first Wednesday of every month is free, and occasionally other Wednesday evenings are open at half-price admission. The second highest attendance is on Saturdays, followed by Sundays. The 10 percent drop in attendance between Saturday and Sunday is atypical compared to museums in other locations and is attributed to the closure of John F. Kennedy Drive on Sundays. This issue will be discussed in greater detail in the Challenges for the Future section of this chapter.

Origin of Visitors. The surveys taken during six of the large special exhibits indicate that about 20 percent of Museum visitors reside in San Francisco. Other Bay Area (non-San Francisco) residents comprise 51 percent of visitorship. The remaining portion, 29 percent, consists of visitors (tourists) from other parts of California, the United States and other countries.

A non-special exhibit, or "baseline" survey was conducted in January 1996. In this survey, the proportion of Bay Area residents was lower at 35 percent. San Francisco residents were 24 percent of visitors, and tourists from outside the region represented 41 percent of attendees.

Based on this information, the de Young Museum is considered a regional museum rather than a local institution, since 75 to 80 percent of its visitors come from outside San Francisco. As shown by Exhibit 2, the ratios between non-San Francisco Bay Area visitors and tourists from outside the region fluctuate based on the special exhibits. The de Young Museum is more likely to attract Bay Area residents during special exhibits (51 percent of attendance) than during "typical" operations (35 percent).

Other Bay Area residents also comprise almost 52 percent of total members. However, the portion of San Francisco resident-members is substantially higher (compared to overall visitorship) at 30 percent. Conversely, residents from other areas comprise 18 percent of membership. Therefore, as far as membership is concerned, the de Young is also considered a regional institution, but with a stronger component of San Francisco residents. This is consistent with the fact that nearby residents are more likely to visit a museum repeatedly and thus are more likely to join a membership organization.

Transportation. Consistent with the Museum's present location, the majority of visitors drive. According to surveys performed during the Teotihuacan and Monet exhibits, 72 percent of all visitors drive. Of San Francisco residents, 56 percent drive (most of the remainder take public transit or walk). For non-San Francisco residents, 75 percent drive. The baseline survey, taken in early January, indicates a similar but higher propensity to drive – 74 percent overall, with 68 percent of San Francisco residents

EXHIBIT 2
M. H. DE YOUNG MEMORIAL MUSEUM
ATTENDANCE STATISTICS AND VISITOR INFORMATION

Attendance Statistics	Overall Range		Average
	Low	High	
Total Attendance	416,217	882,138	573,608
Special Exhibit Attendance	93,714	283,063	181,055
Highest Attendance Days			
-Wednesday	126,335	212,169	156,138
-Saturday	96,527	180,009	125,229
-Sunday	72,690	164,873	112,692
Percentage Decline from Saturday to Sunday			-10%
Visitor Information	Special Exhibits (1)	Baseline Survey	
<i>Visitor Surveys</i>			
Origin of Visitor (2)			
- San Francisco	20%	24%	
- Non-SF Bay Area	51%	35%	
- Non-Bay Area	29%	41%	
Visitors who Drive (3)			
- Overall	72%	74%	
- San Francisco Residents	56%	68%	
- Non-SF Residents	75%	78%	
Other Visitor Activities (4)			
- Go out to eat or drink	55%	57%	
- Visit Fisherman's Wharf area	22%	28%	
- Go shopping	21%	32%	
- Visit Downtown area	20%	61%	
- Visit other museums in area	18%	36%	
- Attend theater or concert	9%	12%	
(Multiple Responses Allowed)			

Notes:

- (1) Surveys taken during special exhibits report visitor patterns during the Museum's peak attendance periods.
- (2) For special exhibit surveys, represents average of all major special exhibit surveys.
- (3) For special exhibit surveys, represents average of Teotihuacan and Monet surveys.
- (4) Special exhibit survey responses are for Dead Sea Scrolls exhibit; results similar to Teotihuacan.

Sources: Fine Arts Museums of San Francisco; Sedway Group.

driving and 78 percent of non-San Francisco residents. The high percentage of drivers highlights the issues related to parking and the closure of John F. Kennedy Drive, which is discussed in the section on future challenges.

Other Activities Undertaken by Visitors. Many visitors to the de Young Museum plan other activities along with their museum visit. A survey during the Dead Sea Scrolls exhibit indicated that 66 percent of visitors planned another activity in addition to the museum experience. The most popular activity, with more than one choice permitted, included eating and/or drinking, which was mentioned by 55 percent of respondents. This was followed by visiting Fisherman's Wharf, shopping, visiting downtown, and visiting other museums, in fairly close order. The results of a survey conducted during the Monet exhibit were similar, but detailed breakdowns indicated that tourists were significantly more likely to participate in these other activities than both San Francisco and other Bay Area residents.

The baseline survey also demonstrated a high percentage of other activities occurring along with the museum visit. In this case, the two most popular activities were visiting downtown (61 percent, with multiple answers allowed) and eating and/or drinking (57 percent), followed by visiting other museums (36 percent) and shopping (32 percent).

Challenges for the Future

The de Young Museum faces a variety of challenges as it moves into the future, all of which affect visitorship in some form. A major challenge is the policy change at all levels of government regarding funding for the arts. As subsidy money declines, art institutions must focus more heavily on revenues and expenses. Increasing revenues is essential to maintaining programs and exhibitions that serve the community. Another government-related challenge is the Museum's recent loss of federal government insurance for traveling international special exhibitions due to the seismic risks posed by the present structure. Until these seismic problems are corrected, the de Young will be unable to host these exhibitions. The loss of federal indemnification for international exhibitions will likely impact lenders' willingness to indemnify domestic exhibitions.

More localized challenges include the emerging core arts destination at the Yerba Buena Center, with the Center for the Arts and the San Francisco Museum of Modern Art. Future museums planned for Yerba Buena Center include the Jewish Museum and the Mexican Museum. These institutions, in combination with Moscone Convention Center and the Yerba Buena Gardens, as well as the Sony Center and Children's Center under construction, create a regional and tourist destination. The emergence of Yerba Buena Center indicates a shift in the cultural center of San Francisco to the greater downtown area.

Another local challenge is the severance of the Asian Art Museum from the de Young Museum, expected to occur in the next few years. Severance of the Asian Art Museum from the de Young will impact the de Young's visitorship, as the two will no longer share the same building. The extent of the potential impact is unknown, although the de Young is generally considered the stronger draw of the two institutions. For purposes of this study, the FAMSF has conservatively estimated that the Asian Art Museum's component of the attendance base is about 25 percent.

An important challenge relates to the de Young's Golden Gate Park home. Presently, John F. Kennedy Drive is closed to automobiles on Sundays for pedestrian, in-line skating, and bicycle use. Due to this

closure, no parking is permitted on this street, effectively eliminating a substantial amount of parking for the Museum. Thus, visitorship declines 10 percent between Saturday and Sunday, as shown on Exhibit 3. In contrast, discussions with other museums indicate that Saturday and Sunday attendance are generally similar. Empirical evidence from the Legion indicates that its Sunday attendance prior to renovation, as well as in 1996-97, was about 6.5 percent higher than that on Saturday. The Boston Museum of Art also reports that Sunday attendance is higher than Saturday's by about 6 percent, while the Metropolitan Museum of Art reports about a 4 percent difference. The Museum of Contemporary Art in Los Angeles also reports that Sunday attendance is higher than Saturday.

Therefore, de Young Museum visitorship on Sunday appears hampered by the road closure. Furthermore, there is the constant threat that the John F. Kennedy Drive closure will be extended to Saturdays. In addition, there is the proposed closure of other roads in Golden Gate Park as indicated in the recently released environmental impact report on the Golden Gate Park Draft Master Plan. If the closure of John F. Kennedy Drive on Saturdays, or of other park roads on a permanent basis, becomes a reality, visitorship would be negatively impacted due to the difficulty of parking. Thus, the entire weekend, when the Museum should be most accessible to its visitors, would be the least accessible portion of the week.

The implication of these various challenges is that visitorship will be more difficult to achieve in the future than in the past. The de Young Museum requires a strategy to preserve its attendance in the face of factors that may move to erode its visitorship base.

VISITORSHIP FACTORS AND RELATIVE IMPORTANCE

This section identifies visitorship determinants and their relative importance in determining visitorship. A weighting system was developed with a maximum total score of 100. Based on this scale, each visitorship factor and sub-factor was assigned weights, or points, pursuant to its contribution to visitorship as determined by other consultants to the de Young Museum, Sedway Group's review of the literature, and input from museum representatives throughout the country. In the following section, each site will be assigned a score for each factor and sub-factor, with the maximum score possible equivalent to the assigned weight. The cumulative score for each site will reflect their relative potential to attract visitorship.

The factors deemed most critical to determining museum visitorship are transportation accessibility, synergy, perception of safety, other accessibility, and site visibility. A brief discussion of each factor and its sub-factors follows, accompanied by the assigned weights.

Transportation Accessibility

Accessibility relates to the ease with which the site is reached. This is the most critical of the visitorship determinants, as attendance will not meet expectations if the museum is difficult to find or reach. The importance of accessibility was stressed by personnel from other museums contacted during the research for this and prior studies. As a result, accessibility is given a weight of 40 points out a total of 100 in the evaluation. The following paragraphs discuss three accessibility criteria as follows: auto convenience; parking; and public transit.

EXHIBIT 3
M.H. DE YOUNG MEMORIAL MUSEUM
ANNUAL ATTENDANCE
HIGHEST ATTENDANCE DAYS

Fiscal Year	Total Attendance	Wednesday Attendance			Saturday Attendance	Sunday Attendance	Change Saturday to Sunday
		Free	Paid	Total			
1990-91	572,584	117,536	35,438	152,974	138,173	123,471	-10.64%
1991-92	475,626	125,262	26,063	151,325	109,334	95,672	-12.50%
1992-93	416,217	110,823	26,042	136,865	96,527	72,690	-24.69%
1993-94	606,586	141,436	32,452	173,888	133,103	118,729	-10.80%
1994-95	882,138	154,332	57,837	212,169	180,009	164,873	-8.41%
1995-96	491,206	100,690	25,645	126,335	98,466	97,067	-1.42%
1996-97	<u>570,900</u>	<u>109,674</u>	<u>29,739</u>	<u>139,413</u>	<u>120,992</u>	<u>116,341</u>	<u>-3.84%</u>
Total	4,015,257	859,753	233,216	1,092,969	876,604	788,843	-10.01%
<i>Free vs. Paid</i>		79%	21%	100%			
Average	573,608	122,822	33,317	156,138	125,229	112,692	
% of Total				27%	22%	20%	

Sources: Fine Arts Museums of San Francisco; Sedway Group.

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Auto Convenience. Auto convenience is simply the ease with which museum visitors can drive to the museum. This is a relatively important component of accessibility in that over 70 percent of the Museum's visitors drive. The high percentage of drivers is due to the fact that 75 to 80 percent of the Museum's visitors are not San Francisco residents. The Museum's current location is difficult to reach from such regional transportation links as BART, CalTrain and the ferries, forcing Bay Area residents to drive. Even if the Museum were to move, many people would still drive for a variety of reasons. Personnel from the SFMOMA and Seattle Art Museum concurred with the conclusion that a significant percentage of visitors drive despite the availability of public transit. In fact, over half of SFMOMA's visitors still drive; of non-San Francisco visitors, nearly 75 percent drive. Because of visitor propensity to drive to museums, auto convenience is allocated 15 of the 40 transportation points.

Parking. Another transportation-related factor in accessibility is the availability of parking near the site. The *Manual of Museum Planning* states that "insufficient or distant parking can also be a real deterrent to the visitor."⁵ Furthermore, a 1994 study of Bay Area residents regarding museum attendance, sponsored by the Bay Area Research Project Consortium, indicated that convenient parking is one of the top-ranked services/amenities. Therefore, parking is deemed as important as auto convenience, with 15 of the 40 points available for transportation.

Public Transit. In an urban area such as San Francisco, a prime accessibility consideration is the adequacy of public transit. This is important not only for San Francisco residents but also for regional residents who may prefer not to drive to San Francisco. As stated in the *Manual of Museum Planning*, "visiting the museum must be made as easy as possible for visitors, many of whom will be relying on public transport. . . . The museum should be readily accessible from all parts of the community by a well used and obvious transportation link."⁶ This component is given a weight of 10 points, out of the 40 available for transportation.

Synergy

Synergy occurs when the presence of two or more facilities expands the combined demand so that attendance at each facility is at least as large as the level each facility would command in isolation. Given the potential to increase first-time visitorship and/or frequency of visitorship, synergy is an important determinant, but not as critical as accessibility. Thus, this segment is assigned an overall weight of 20 points out of 100. In the case at hand, synergy occurs when there are compatible attractions or activities near the museum. According to the *Manual of Museum Planning*, the existence of nearby facilities is very important:

There is clear social and economic evidence of the benefits to be derived for all participants from clustering buildings together for exhibitions, performances and entertainment in an area that also contains hotels, restaurants and shopping opportunities.⁷

⁵*Manual of Museum Planning*, page 290.

⁶*Ibid.*

⁷*Ibid.*, page 300.

Attractions may be as educational in nature as other museums, but may also include tourist attractions and other sites. The synergy factor is disaggregated into two sub-factors: nearby attractions; and restaurants or shopping.

Nearby Attractions. The proximity of other attractions was mentioned by both SFMOMA and Seattle Art Museum personnel as a factor in increasing visitorship. De Young Museum visitors partake in other activities, such as visiting the Japanese Tea Garden, Fisherman's Wharf and downtown. Although tourists typically partake in a larger proportion of these other activities, this criterion is fairly important and is allocated 15 of the 20 points allotted to synergy.

Restaurants or Shopping. Nearby restaurants or shopping are also an attraction to museum visitors. As discussed earlier, over 50 percent of museum visitors plan to eat and/or drink and 20 to 30 percent plan to go shopping. However, the Museum is the main draw for visitors, not vice versa, therefore, this sub-factor is allocated 5 of the 20 points available for synergy.

Perception of Safety

Safety is a consideration for museum visitors, especially the elderly and families with small children. Both the Seattle Art Museum and the Dallas Museum of Art indicated that safety was a concern for their visitors, particularly with their moves to downtown locations. Since the de Young Museum wants to continue its outreach to a variety of people, including senior citizens and families, this factor is given a weight of 15 points.

Other Accessibility

Other accessibility relates to the convenience of the site to four groups: tourists, residents, school-children, and employees. Simply stated, people are more likely to visit a facility that is convenient to their present location. This increases the potential for spontaneous visits. This factor has fairly low priority compared to transportation accessibility and synergy, and so it is allocated a total of 15 points, distributed as follows.

Hotel Rooms. Hotel rooms are one way to attract tourists; the other is nearby attractions as already discussed. Tourists, or non-Bay Area residents, represent 30 to 40 percent of the Museum's visitorship (depending on time of year and exhibits). However, there is the potential to attract more visitors with a location closer to hotels. Experiences at SFMOMA and Seattle indicate that proximity to hotel rooms has resulted in a substantial increase in tourists and, correspondingly, visitorship. In fact, at SFMOMA's new location, non-Bay Area visitors comprise over 50 percent of admissions. Since the most popular mode of transportation for tourists while visiting San Francisco is walking (86 percent, with multiple answers accepted), a museum facility within walking distance of hotels and other tourist destinations has greater opportunity to increase attendance. Therefore, hotel rooms is assigned a high weight of 5 points.

Residents. Presently, San Francisco residents represent 20 percent of the Museum's visitorship. Residents are important as they are always near the museum and tend to be repeat visitors or members. Furthermore, residents often select area attractions for visiting relatives and friends. In allocating a weight to the resident component, the visitorship correlation is estimated to be somewhat lower than that for tourists. Therefore, residents have been given a weight of 4 points.

Schoolchildren. Although schoolchildren on field trips do not represent a large component of visitorship, this group is important since part of the Museum's mission is education. Outreach to schoolchildren also exposes the children to fine art and increases the potential for return visits by the children and their parents. Given the relative importance of this group, a weight of 4 points is assigned.

Employment. Nearby employment offers the potential of attracting area workers during lunch and after hours. However, discussions with representatives of SFMOMA, the Seattle Art Museum, and the Dallas Museum of Art indicate that these institutions have yet to successfully tap their respective employment visitorship potential. It appears that many workers prefer to go home after work rather than stay in a downtown area. Therefore, employment is given relatively little weight of 2 points in the evaluation.

Visibility

Visibility relates to the ability of the Museum to be seen and to attract visitors. Although visibility is often intertwined with accessibility, when separated, accessibility commands greater importance in the context of site selection. Visibility has much to do with building design, which is part of the architectural component of this report. Given this fact, visibility is given a weighting of 10 points.

SITE EVALUATIONS

Score Assignment

The method of assigning scores to the visitorship factors was based on a variety of techniques. These techniques and the site evaluation results are discussed in the following paragraphs. The site scores for each factor and sub-factor as well as the cumulative site scores are presented in Exhibit 4.

For the three transportation accessibility sub-factors of auto convenience, public transit, and parking, ratings were provided by Wilbur Smith Associates, the traffic and transportation subconsultants on the recent de Young site selection study. Based on the total score, or weight, of 40, the Golden Gate Park site was assigned a score of 17, compared to a score of 34 for the downtown site. This large discrepancy is primarily attributable to the downtown site's greater visitor accessibility via automobile and public transit. Parking availability was deemed more favorable for the downtown site, especially during weekends, when the Museum attracts over 40 percent of its visitors.

To evaluate the synergy factors, lists were compiled of nearby attractions, restaurants, and shops or shopping centers. As the listing in Exhibit 4 indicates, both sites are relatively well served in this regard. With regard to site assessments for tourist attractions, scores were based on a tourism survey commissioned by the San Francisco Convention and Visitors Bureau indicating the relative popularity of San Francisco's attractions to tourists. Strong consideration is also given to Golden Gate Park's popularity with area residents. Based on these considerations, and a total possible score of 20, the Golden Gate Park site was awarded 17 points while the downtown site was awarded 20. These scores are relatively comparable, reflecting the downtown site's slight advantage with regard to restaurants and shopping opportunities.

EXHIBIT 4
M. H. DE YOUNG MEMORIAL MUSEUM VISITORSHIP POTENTIAL
SITE EVALUATION

VISITORSHIP FACTORS (IMPORTANCE)	WEIGHT	GOLDEN GATE PARK CONCOURSE (NO GARAGE)	DOWNTOWN MID-EMBARCADERO
Transportation Accessibility (Very High)		<u>Evaluation</u> <u>Score</u>	<u>Evaluation</u> <u>Score</u>
Auto Convenience (1)	15	Average 8	Good 12
Parking (1)	15	Average 8	Good 12
Public Transit (1)	10	Poor 1	Excellent 10
Subtotal	40	17	34
Synergy Factors (High)			
Nearby Attractions	15	Japanese Tea Garden 15 Arboretum CA Acad. of Science Hall of Flowers Golden Gate Park Playground/Carousel Haight Street	Waterfront 15 Cable Car Financial District Ferry Building Chinatown Union Square Embarcadero Center (Cinema & Events)
Restaurants or Shopping	5	Irving Street 2 Balboa Street Lincoln Way Haight Street	Embarcadero Center 5 Waterfront Rests. Downtown Rests. Rincon Center
Subtotal	20	17	20
Perception of Safety (Medium)	15	Average 8	Good 12
Other Accessibility (Medium)			
Hotel Rooms (2)	5	120 1	15,200 5
Residents (3)	4	60,150 4	60,060 4
School Enrollment (4)	4	4,250 4	2,380 2
Employment (5)	2	44,330 1	171,650 2
Subtotal	15	10	13
Site Visibility (Low)	10	Excellent 10	Excellent 10
TOTAL	100	62	89

Notes:

- (1) Ratings from Wilbur Smith Associates, as reported in the June 1997 M.H. de Young Memorial Museum Site Selection Study. Parking rating at Golden Gate Park reflects good parking availability during week and poor parking availability during weekend, Museum's highest attendance period.
- (2) Number of hotel rooms within a one-mile radius of the two sites, per Wilbur Smith Associates, as reported in the above-cited study.
- (3) 1997 estimated population within one-mile radius of the two sites per Claritas Inc.
- (4) Public school enrollment for grades K-12 within approximate one-mile radius of the two sites per San Francisco Unified School District.
- (5) Commerce and Industry Inventory (August 1995), San Francisco Department of City Planning.

Sources: Wilbur Smith Associates; Claritas Inc.; San Francisco Unified School District; San Francisco Department of City Planning, and Sedway Group.

The site perception of safety assessment for the downtown site was influenced by the popular notion that downtowns are generally perceived to experience higher crime, both by reputation and as a result of a highly visible population of street people. However, Sedway Group's research indicates that the Golden Gate Park area actually has a higher crime rate than downtown. Also factored into the site safety assessments is the proximity of secure parking and the number of other people present in downtown, both during the day and evenings. Consequently, Golden Gate Park was rated an "average" with eight points, due to crime statistics, lack of secured parking and the lack of people during certain times of the day. Downtown was deemed to have a "good" perception of safety, garnering 12 out of 15 possible points.

Other accessibility scores were based on objective quantified information relative to each site, where the greater the presence of a given sub-factor the higher the score. For example, hotel room counts within a one-mile site radius were based on information provided by Wilbur Smith Associates. Resident figures within a one-mile site radius were provided by Claritas Inc., an on-line database. Public school enrollment within an approximate one-mile radius was provided by the San Francisco Unified School District. Finally, district-wide employment figures were based on the Commerce and Industry Inventory compiled by the San Francisco Department of City Planning. Pursuant to the objective counts presented in Exhibit 4 for each of these sub-factors, the Golden Gate Park site was awarded 10 points out of a total of 15, while the downtown site was awarded a total of 13 points. The Golden Gate Park site outscored the downtown site with regard to school enrollment, while the downtown site had the edge over the Golden Gate Park site for all other accessibility sub-factors.

For visibility, the issue is the ability of the site to provide adequate visibility of the Museum structure. Visibility is based on the proximity of nearby buildings and street presence. Both sites were deemed to have "excellent" visibility, each garnering 10 out of 10 points.

Visitorship Potential Conclusion

As Exhibit 4 indicates, based on a scale of 100, the Golden Gate Park site received a total visitorship score of 62, while the Mid-Embarcadero site received a total score of 89. The downtown site's significantly higher score indicates its greater ability to satisfy the visitorship factors relative to the Golden Gate Park site. As a result of this assessment, Sedway Group believes that Museum visitorship would be greater at the downtown site than at the Golden Gate Park site. As suggested by preceding factor evaluation, this enhanced visitorship potential is attributable to the downtown's relatively greater accessibility. Therefore, Sedway Group believes that relocation of the Museum to Mid-Embarcadero could result in a substantial increase in visitorship over current levels during both the initial years of the new facility as well as at stabilization. In contrast, Golden Gate Park is deemed to have a relatively low potential for increased visitorship.

ESTIMATED NEW MUSEUM VISITORSHIP

This section estimates the stabilized visitorship for a new de Young Museum at both the Golden Gate Park and Mid-Embarcadero sites. The estimates are based on the following factors:

- current average annual attendance of 574,000, including the Asian Art Museum;
- severance of the Asian Art Museum with implications for lower attendance levels, conservatively estimated at 25 percent, which lowers the de Young Museum's annual average attendance to 430,000;
- approximately 32 percent of attendance related to blockbuster special exhibits with a supplemental entrance fee;
- low potential for increased visitorship at Golden Gate Park location; and
- very high potential for increased visitorship at Mid-Embarcadero location.

Experiences at other museums indicate that following museum relocation or rehabilitation, there is an initial one to two years of very high attendance due to publicity and the novelty of the new facility. After this flood of interest, attendance declines to a long-term stabilized level. This pattern holds for facilities that both move to a new location or substantially rehabilitate and/or expand. Sedway Group's visitorship estimates focus on the long-term stabilized level.

Golden Gate Park

With respect to Golden Gate Park, the site evaluation in the previous section concluded that the long-term potential for increased visitorship at the Museum is low. Therefore, Sedway Group believes that, based on the status quo with respect to access and parking issues in Golden Gate Park, the long-term stabilized visitorship of the de Young is likely to be slightly higher than the current average attendance, on the order of magnitude of about 10 percent. With a current average attendance of 430,000, a 10 percent increase results in a long-term visitorship of 475,000 per year.

However, there is the constant threat that access and parking availability in Golden Gate Park will be reduced in the future. This includes the extension of the John F. Kennedy Drive closure to Saturday (reducing access and parking), as well as the proposed road closures in the recent Golden Gate Park Draft Master Plan. The access and parking loss would decrease visitorship at the new Museum building. Sedway Group conservatively estimates a 10 percent drop in attendance from the current average if additional road closures are made. This results in an annual visitorship of 385,000.

The decline in visitorship could actually be significantly greater than Sedway Group's estimates. In fact, the lower attendance base reduces the Museum's ability to attract blockbuster exhibitions. Given the importance of the blockbusters in drawing visitors, the loss of blockbuster exhibitions would further erode visitorship. The Museum's visitorship could potentially enter a downward spiral resulting in a visitorship loss significantly greater than the above 10 percent decline estimated above.

Therefore, there are two scenarios for estimated visitorship in Golden Gate Park, a "best case" scenario with 475,000 visitors per year and a "worst case" scenario with 385,000 (or fewer) visitors annually.⁸

⁸The "best case" visitorship estimate could be exceeded if a parking garage were constructed as part of the new museum facility. However, given the unpopularity of the parking garage, this scenario is considered highly speculative and therefore is excluded from consideration.

Mid-Embarcadero

The estimates for visitorship of a new de Young Museum at Mid-Embarcadero build on those estimated for Golden Gate Park above as well as the experience at the Seattle Art Museum. The Seattle Art Museum moved downtown in late 1991 and has stabilized at a visitorship level 160 percent higher than in its old park location. The Dallas Museum of Art also cited a “materially” higher level of visitorship in its downtown location, although the move was 12 years ago and statistics dating back to the early 1980s are unavailable. Thus, based on the experience of Seattle Art Museum, a new museum at Mid-Embarcadero would likely achieve a stabilized 160 percent increase in attendance over the current annual average, or a total of 690,000 persons.

This estimated stabilized attendance at Mid-Embarcadero of 690,000 persons is 45 percent higher than the “best case” attendance of 475,000 in Golden Gate Park. This differential corresponds with the ratings difference indicated in the site evaluation section, with the Mid-Embarcadero site yielding an 89 rating versus a 62 rating for Golden Gate Park.

However, San Francisco has a more vibrant downtown and tourist economy than Seattle and it is highly likely that the Mid-Embarcadero could achieve an even higher attendance increase of about 175 percent over the current average, or 755,000 persons. This higher attendance also relates to the fact that by locating downtown, the Museum is closer to the portions of the Bay Area that are experiencing the greatest population growth. For example, Alameda and Contra Costa counties are expected to grow by over half a million people from 1995 to 2015, representing a growth rate of 23 percent. In contrast, San Francisco is expected to add 36,000 people, generating a 5 percent growth rate over the same time period.

The greater attendance at Mid-Embarcadero would give the Museum the ability to attract larger and more frequent blockbuster exhibitions. Due to the strong positive relationship between these major special exhibitions, attendance at Mid-Embarcadero could be significantly higher than even the 160 to 175 percent increase. Therefore, Sedway Group believes that the impact of these special blockbuster exhibitions could result in a 200 percent or higher attendance increase over the current annual average, or 860,000 persons.

The potential for tremendous growth at a downtown location is evidenced by SFMOMA, which experienced a 373 percent increase in visitorship in its first year and a 313 percent increase in its second year. The museum is still buoyed by the novelty factor of the building and attendance has yet to stabilize at its long-term level, but indications are for a substantial increase. (On the other hand, SFMOMA’s prior location was inadequate and never allowed the museum to reach its full potential.) Thus, even the optimistic 200 percent increase for the de Young Museum may prove to be conservative.

For the Mid-Embarcadero site, Sedway Group has made three visitorship estimates: a “pessimistic” estimate at 690,000 persons, a “mid-range” estimate of 755,000 persons, and an “optimistic” scenario of 860,000 persons. These figures reflect the 160, 175, and 200 percent estimated increases in attendance.

Conclusion

The lower visitorship projection for a new facility in Golden Gate Park of 385,000 to 475,000 persons reflects this site's low potential for visitorship growth. It is expected that after the initial novelty of a new Golden Gate Park Museum building dissipates, attendance would decline to a level modestly higher than the current average, or below average if John F. Kennedy Drive closed on Saturdays or other roads are closed.

The visitorship estimates at the preferred downtown site at Mid-Embarcadero, which has high potential for substantial and sustained visitorship growth, range from 690,000 to 860,000 persons. As discussed earlier, this site especially offers superior accessibility from various modes of transportation. Evidence demonstrating the impact of accessibility on visitorship is provided by SFMOMA and the Seattle Art Museum, where museum representatives indicated that their downtown locations were key factors in increasing tourist-related visitorship. Tourist visitorship entails greater spontaneity; there is a greater likelihood that a tourist could just happen to walk by a downtown Museum location in contrast to planning a trip to Golden Gate Park. The significant increase in visitorship at Mid-Embarcadero will have a strong fiscal and economic impact, as discussed in the following chapters.

III. FISCAL BENEFIT AND MUSEUM REVENUES

This chapter presents Sedway Group's projections of ongoing direct fiscal (tax) revenues accruing to the City and County of San Francisco as a result of the development of a new de Young Museum. This chapter also compares the projected museum revenue accruing to the FAMSF (from admissions fees, facility rental, store and cafe sales, etc.) at either location. This analysis compares the projected revenues generated by a new Museum in Golden Gate Park to those projected to be generated by a new Museum in a downtown location. The fiscal analysis considers only the tax revenue and Muni ridership revenue generated by visitorship to a new Museum; it does not consider the cost of providing municipal services (e.g., police, fire, etc.) associated with the Museum.

APPROACH

Definition of Benefits

The direct fiscal benefit of the Museum will include annual tax revenues accruing to various San Francisco funds. Only direct sales taxes (i.e., those directly attributed to the project) are considered. Direct revenue sources examined include sales taxes generated by the cafe, museum store, and in-house catering for special events. This analysis also considers the indirect parking tax revenue associated with Museum visitors who park their cars at paid lots or garages. In addition, the projected increase in Muni ridership attributed to visitors at both Museum locations is analyzed. All revenue estimates are provided in constant 1997 dollars.

The analysis does not quantify the indirect fiscal benefit from spending by Museum visitors in shops and restaurants in the vicinity of the Museum. Nor does the analysis quantify the indirect fiscal benefit of hotel taxes attributed to out-of-town visitors potentially prolonging their hotel stay in order to visit the Museum.

Methodology

In conjunction with the previous visitorship research, Sedway Group surveyed comparable museum facilities that relocated to downtown areas (such as Seattle and SFMOMA) to determine how the move increased spending at museum facilities. Sedway Group then analyzed sales generated by the existing de Young cafe, museum store, and catering operations, and projected these revenues for the Golden Gate Park site and the downtown site.

During the course of this assignment, Sedway Group reviewed numerous FAMSF documents, including visitors studies, sales data for FAMSF facilities (de Young Museum and Legion), UCSF parking garage utilization statistics, catering event sales trends at FAMSF facilities, and the June 1997 M.H. de Young Memorial Museum Site Selection Study. In addition, Sedway Group researched sales trends at comparable museum facilities (SFMOMA, Seattle Art Museum), discussed catering trends with FAMSF's in-house catering operator (Edible Art), and reviewed mode of transportation and parking data with Wilbur Smith Associates Traffic Engineers.

Taxes and museum revenues are primarily a function of projected visitorship. Thus, projected visitorship is a key determinant of revenues to both the City and the FAMSF. As discussed in the previous chapter, a range of visitorship projections was developed for each location. This analysis conservatively assumes the optimistic visitorship projections for the Golden Gate Park site (475,000 visitors) and the mid-range projection for the downtown location (755,000 visitors).

SALES TAX REVENUES TO SAN FRANCISCO

Museum Store Sales

To project museum store sales at both locations, Sedway Group analyzed visitorship and store sales data from numerous museum stores, including the de Young, Legion of Honor, SFMOMA, and Seattle Art Museum. From these data, Sedway Group calculated average store sales per museum visitor. These per visitor sales data were then adjusted for each location. Finally, total annual sales were estimated by applying estimated per visitor sales to the projected visitorship at each location.

Museum store sales are typically a function of visitorship; that is, more visitors translates into increased sales at the museum store. The physical location of the museum also impacts its store sales. A museum store located in an easily accessible, heavily trafficked location (e.g., downtown) will likely capture more sales from non-museum visitors than a museum store located in a more remote, less traveled location (e.g., Golden Gate Park). Finally, the location of the museum store within the museum complex impacts potential sales. A store prominently located with convenient access from both the museum entrance and the street will likely increase the sales capture from non-museum visitors and museum-goers alike. It is assumed that the new museum store, regardless of location, will benefit from such design features that will maximize potential sales.

The SFMOMA is a good example of how a well-located and designed museum store can capture significant sales revenue. In fact, the SFMOMA store has been so successful that it has become a visitor destination in its own right, attracting sales from both tourists and local residents alike. Many patrons visit the facility expressly to shop at the store, not to tour the museum. This is evidenced by the fact that while the SFMOMA is closed on Wednesdays, the store remains open and reportedly posts “tremendous sales,” according to the store manager. Contributing to the success of the museum store is its location across the street from the Moscone Convention Center, enabling the store to capture some sales from the more than one million conventioners who visit the Moscone Center annually. Representatives of the SFMOMA store were unable to determine what percentage of sales are attributable to non-museum visitors, but noted that it is “substantial.” The 3,300-square-foot SFMOMA store reportedly generated sales of \$6.5 million in 1996, or approximately \$9.50 per museum visitor. This figure includes substantial sales by non-museum visitors. A new de Young Museum in a downtown location will likely not achieve sales as high as the SFMOMA because the de Young location will not benefit from direct access to free-spending conventioner traffic.

The existing 2,700-square-foot de Young store (including special exhibition store space), generated an average of \$3.25 per visitor during the last three fiscal years. Because visitorship statistics for the de Young and Asian Art Museums are combined and the store serves both museums, this per visitor figure is based on total visitorship to the combined museums. Store sales increase dramatically during

blockbuster shows (e.g., Monet), and taper off during non-blockbuster shows. However, while total sales are linked with visitorship, with increased attendance during blockbuster shows translating into increased sales on an absolute basis, sales do not increase as dramatically on a per visitor basis. For example, during the 1994-95 fiscal year (Monet show), sales averaged \$3.50 per visitor, while the following year sales averaged \$3.25 per visitor. In contrast to these numbers, the 940-square-foot store at the Legion of Honor averaged sales of \$2.27 per visitor during the past two years, while the 1,900-square-foot Seattle Art Museum store had average sales of \$2.16 per visitor in 1996.

In projecting the sales potential of the different prospective de Young Museum sites, Sedway Group considered each location's ability to capture non-visitor spending. The downtown location benefits from proximity to the critical mass of office workers, as well as being relatively more accessible to tourists. Many of these visitors may not necessarily go to the Museum exhibits, but may patronize the Museum store. Thus, the sales potential of the Museum store at a downtown location is projected to exceed sales at the more remote Golden Gate Park location, due to projected higher capture of non-visitor spending.

Sedway Group placed most weight on existing sales at the de Young Museum in projecting sales at the new Museum in Golden Gate Park. Sedway Group estimates that per visitor spending at the Golden Gate Park location will average \$3.50 per visitor, slightly more than average sales the last three years, due to improved facilities. For estimating sales at the downtown location, Sedway Group placed most weight on the sales achieved by the SFMOMA store. Hence, Sedway Group estimates that per visitor spending at the downtown location will average \$5.50 per visitor, due to the capture of sales from non-museum visitors.

In total, Museum store sales at the Golden Gate Park location are estimated at \$1.66 million per year, while the downtown location is estimated to generate sales of \$4.15 million per year, as indicated in Exhibit 5.

Cafe Sales

Sedway Group developed a methodology to project cafe sales similar to the methodology used to estimate Museum store sales. That is, per visitor sales at comparable facilities were analyzed, adjusted to each museum location, and applied to projected visitorship at both sites. For this analysis, per visitor sales at the Cafe de Young, Legion of Honor Cafe, and the SFMOMA cafe were analyzed.

The existing Cafe de Young averages sales of about \$1.00 per visitor. This comparatively low figure is due primarily to the poor location of the cafe within the building. Reportedly, the existing cafe captures less than 10 percent of museum visitors and no non-museum visitors. The Legion of Honor Cafe, with improved access, does a better job of capturing museum visitor spending, posting average sales of about \$1.70 per visitor per year. However, the Legion Cafe captures virtually no non-visitor spending due to the location of the cafe within the building and limited non-museum foot traffic at the relatively remote museum location.

The cafe at the SFMOMA does better than both FAMSF facilities due primarily to its capture of non-museum visitors. This cafe is in a prominent location with a separate street entrance and secured access to the museum (i.e., access to the museum can be closed off). This allows for longer hours of operation and increased capture of both museum visitor and non-visitor spending. The SFMOMA facility posted sales of approximately \$3.65 per visitor in 1996.

EXHIBIT 5
ANNUAL SALES TAX REVENUES
TO THE CITY AND COUNTY OF SAN FRANCISCO
M.H. DE YOUNG MEMORIAL MUSEUM
1997 DOLLARS

Fund Distribution (2)	Golden Gate Park Location	Downtown Location
City and County of San Francisco General Fund	\$32,313	\$76,063
San Francisco County Transportation	\$24,234	\$57,047
San Francisco County Public Finance	\$8,078	\$19,016
TOTAL	\$64,625	\$152,125

Notes:

(1) Sales Tax Revenue Assumptions	Golden Gate Park	Downtown
<u>Museum Store</u>		
Projected Stabilized Visitorship (a)	475,000	755,000
Projected Sales Per Visitor (b)	\$3.50	\$5.50
Estimated Annual Stabilized Sales - Museum Store	\$1,662,500	\$4,152,500
<u>Museum Cafe</u>		
Projected Stabilized Visitorship (a)	475,000	755,000
Projected Sales Per Visitor (c)	\$2.25	\$3.25
Estimated Annual Stabilized Sales - Cafe	\$1,068,750	\$2,453,750
<u>Catering</u>		
Estimated Catering Sales (in-house catering only) (d)	\$500,000	\$1,000,000
ESTIMATED TOTAL ANNUAL TAXABLE SALES	\$3,231,250	\$7,606,250
(2) Sales Tax Allocation, 1996-97 (e)		
Total State Sales Tax Rate	8.5%	
Tax Revenues Allocated to San Francisco and Special Districts:		
City and County of San Francisco General Fund	1.0%	
San Francisco County Transportation	0.75%	
San Francisco County Public Finance	0.25%	

Sources and Notes:

- (a) Sedway Group visitorship estimates.
- (b) Based on actual sales at the existing de Young, Legion of Honor and SFMOMA, adjusted for each de Young location. Sources: FAMSF, SFMOMA.
- (c) GG Park sales based on actual sales at existing de Young and Legion of Honor cafes, adjusted to reflect presumed superior cafe design at the new museum (better visibility, separate and securable entrance allowing for increased operating hours). Downtown location sales based on adjusted Legion of Honor and SFMOMA sales.
- (d) Based on discussions with the catering operator for the FAMSF, Edible Art. This figure excludes events catered by outside caterers. Edible Art estimates that it caters approximately two-thirds of all events at the de Young and Legion.
- (e) State Board of Equalization.

It is assumed that the cafe at either de Young site would be placed in a prominent location within the new Museum, and would include a separate and securable entrance. For the Golden Gate Park location, Sedway Group projects sales of \$2.25 per visitor. This figure is based on sales achieved at the Legion of Honor, adjusted for a more prominent location and resulting in increased sales capture. This estimate includes some limited capture of non-visitor sales (e.g., from park visitors). Estimated sales at the downtown location are based on sales levels achieved at the SFMOMA, adjusted downward slightly to \$3.25 per visitor. The downtown location sales estimate takes into consideration the ability of the site to capture substantially more non-visitor spending, especially from downtown office workers.

As indicated in Exhibit 5, these per visitor cafe sales figures result in projected sales of \$1.42 million at the Golden Gate Park location and \$3.26 million downtown.

Catering

Sales taxes will also be generated by special events catered by the on-site catering company, Edible Art. This analysis only considers direct taxable sales generated by events catered by the in-house caterer; events handled by outside catering companies are not considered in the analysis. Edible Art estimates that it caters about two-thirds of all events at the de Young and Legion of Honor, including both small luncheon events during the day and large after-hours events. Edible Art caters approximately 20 percent of the larger, corporate events at the museums, and virtually all of the smaller events.

Sedway Group analyzed catering revenue at both the de Young and Legion of Honor in projecting catering sales at the new de Young. Sedway Group also talked with representatives from the FAMSF facilities staff and Edible Art to discuss the sales potential at the new facilities. In-house catering events at the Legion of Honor generated an average of about \$500,000 in taxable sales in the last two years, while catering sales at the de Young averaged about \$210,000 during the last three years. The higher sales at the Legion are due in part to the superior facilities for larger events compared to the existing de Young facilities in Golden Gate Park.

In projecting catering events at the Golden Gate Park location, Sedway Group placed most weight on current sales levels at the Legion of Honor. With expanded capacity, modern facilities, and an exciting new venue, Sedway Group estimates the Golden Gate Park site will generate in-house catering sales comparable to the Legion of Honor, or about \$500,000 per year.

Due to superior accessibility to downtown businesses and convention center traffic, Sedway Group projects a greater capture of catering events at a downtown location. Sedway Group estimates that a downtown location would generate twice the in-house catering revenue of the Golden Gate Park location, or \$1.0 million per year. These projections assumes that both facilities will have ample space for a sit-down dinner for approximately 500.

Sales Tax Summary

In total, taxable Museum-related sales are estimated at \$3.23 million per year at the Golden Gate Park location, and \$7.6 million per year at the downtown location. The City and County of San Francisco collects a sales tax of 2.00 percent of sales. Of this amount, 1.00 percent accrues to the General Fund, 0.25 percent accrues to San Francisco County Public Finance, and 0.75 percent accrues to San Francisco County Transportation. Applying these rates to the projected gross sales volumes equates to sales tax

revenue of \$64,600 at the Golden Gate Park location (of which \$32,300 accrues to the General Fund) and \$152,100 at the downtown location (of which \$76,000 accrues to the General Fund), as indicated in Exhibit 5.

MUNICIPAL PARKING TAX REVENUES TO SAN FRANCISCO

San Francisco levies a 25 percent tax on gross parking receipts. This tax is distributed to the General Fund, the Muni Railway, and Senior Programs.

Sedway Group projected indirect parking taxes associated with the new Museum by first estimating the number of cars being driven and parked at paid parking lots or garages for both locations. Sedway Group relied on mode of transit projections derived by Wilbur Smith Associates Traffic Engineers to estimate the percentage of visitors arriving via automobile at the downtown location.⁹ For the Golden Gate Park location, Sedway Group based the mode of transit projections on the FAMSF 1996 Baseline Visitor Survey.¹⁰

As shown in Note 1 of Exhibit 6, an estimated 74 percent of visitors will arrive via automobile at the Golden Gate Park location versus 48 percent at the downtown site. Assuming an average of 2.44 visitors per car (per Wilbur Smith Associates), and applying this density to the total projected visitors, results in an estimated 144,000 vehicles per year at the Golden Gate Park site, versus nearly 149,000 vehicles annually at the downtown site.

Currently, almost all of the Museum visitors arriving via car park for free within Golden Gate Park or in the surrounding neighborhoods. Only an estimated 4 percent of all vehicles pay for parking at the UCSF garage.¹¹ Applying this factor to the estimated 144,000 cars projected at the new Golden Gate Park site results in about 5,700 vehicles paying for parking annually. The UCSF garage charges a flat \$3.00 per vehicle parking fee, which implies an estimated \$17,300 in parking receipts attributable to de Young Museum visitors. Using the current parking tax rate of 25 percent, annual revenues of about \$4,300 would be generated, with about \$1,700 of this amount accruing to the General Fund.

Due to the dearth of free parking downtown, it is assumed that all Museum patrons arriving via car will pay for parking at the downtown site.¹² Based on FAMSF visitor surveys, the average Museum visitor parked their car for about 2.7 hours. To derive an average parking fee per vehicle, Sedway Group surveyed parking garages in the vicinity of the mid-Embarcadero site to determine the average charge

⁹See M.H. de Young Memorial Museum Site Selection Study, Appendix F, page 6.

¹⁰This analysis assumes the same percentage of visitors will arrive via automobile at the new de Young in Golden Gate Park as at the existing museum.

¹¹Based on review of the FAMSF weekend statistics for the UCSF garage. Because this analysis considers only tax revenue, the direct revenue to the City generated by the 200 paid weekend parking spaces in the Concourse area are excluded.

¹²While some visitors may park on the street in metered spaces, these parking fares paid accrue directly to the City. This direct revenue is assumed equivalent to the City's 25 percent parking tax on cars parked in paid lots and garages.

EXHIBIT 6
ANNUAL PARKING TAX REVENUES
TO THE CITY AND COUNTY OF SAN FRANCISCO
M.H. DE YOUNG MEMORIAL MUSEUM
1997 DOLLARS

Fund Distribution (2)	Golden Gate Park Location	Downtown Location
City and County of San Francisco General Fund	\$1,729	\$84,659
MUNI Railway	\$1,729	\$84,659
Senior Programs	\$864	\$42,330
TOTAL	\$4,322	\$211,648

Notes:

(1) Parking Tax Revenue Assumptions

	Golden Gate Park	Downtown
Total Visitors (a)	475,000	755,000
Estimated percent/total visitors arriving by car (b)	74.0% 351,500	48.0% 362,400
Average visitors per car/total cars (c)	2.44 144,057	2.44 148,525
Percent/total parking at paid garage (d)	4.0% 5,762	100.0% 148,525
Average parking fee per car (see schedule below) (e)	\$3.00	\$5.70
Estimated parking garage revenue attributed to de Young visitor	\$17,287	\$846,590

Average Parking Rate Assumptions

% weekday visitors/average hourly rate (f)	56.0%	\$3.00
% weekend visitors/average hourly rate (f)	44.0%	\$0.50
Weighted average parking rate		\$1.90
Average length of museum visit (hours) (g)		3
Average parking fee per car	\$3.00	\$5.70

Note: GG Park average parking fee based on existing fee structure at UCSF parking garage of \$3.00 per car on weekends. Downtown location based on hourly weekday and weekend parking rates at downtown garage (Golden Gateway and Embarcadero Center), based on a 3 hour stay. This analysis assumes that half of the weekend parking downtown will be free, based on validation with purchase at Embarcadero Center shops.

(2) Parking Tax Allocation, 1996-97 (h)

City and County of San Francisco General Fund	10%
MUNI Railway	10%
Senior Programs	5%
TOTAL TAX RATE	25%

Sources:

- (a) Sedway Group visitorship estimates.
- (b) FAMSF 1996 Baseline Visitorship Survey; Wilbur Smith Associates traffic study, 6/97: "M.H. deYoung Memorial Museum Site Selection Study Appendix F, Page 6."
- (c) Per Wilbur Smith Associates.
- (d) FAMSF weekend shuttle statistics for the UCSF garage. Assumes all downtown parking is paid.
- (e) Golden Gate Park location rates based on current per car rates at UCSF garage. Downtown rates based on average hourly rates of downtown parking garages (based on a 3 hour stay at parking garage).
- (f) Based on average visitorship distribution 1990 to 1997, per FAMSF.
- (g) FAMSF Visitor Survey.
- (h) Office of the Controller, City and County of San Francisco.

for a car parked for three hours (assuming cars are charged to the nearest full hour, not a fraction of an hour). On average, weekday rates are \$3.00 per hour and weekend rates are \$0.50 per hour near the Mid-Embarcadero site.¹³ Sedway Group derived a weighted average parking rate based on the assumption that 56 percent of visitors arrive on weekdays and 44 percent visit the museum on weekends. This ratio is based on average attendance distribution at the existing de Young during the past six years. This implies nearly \$850,000 in parking receipts attributable to de Young Museum visitors downtown. Using the current parking tax rate of 25 percent, annual revenues of about \$212,000 would be generated, with about \$85,000 of this amount accruing to the General Fund.

TOTAL TAX REVENUES TO SAN FRANCISCO

Sedway Group has summarized in Exhibit 7 the projected annual tax revenue that will be generated by a new Museum at either location. As indicated, the projections total annual tax revenues of almost \$69,000 from the various taxes at the Golden Gate Park site and about \$364,000 at the downtown site. The large difference between the sites is due primarily to the indirect parking taxes associated with the downtown site.

In addition to this projected revenue, other secondary, or indirect, revenues would be generated by visitors who will make area retail and restaurant expenditures, thereby generating additional retail sales tax revenue. These revenues have not been estimated as part of this analysis. However, their impact is discussed qualitatively in the following Economic Impact chapter of this report.

MUNI RIDERSHIP AND FARE REVENUES

Sedway Group also estimated Muni ridership and resulting fare revenue at each alternative location. Again, Wilbur Smith Associates estimates for mode of transit at the downtown site were utilized in the analysis. For the Golden Gate Park location, Sedway Group based the mode of transit projections on the FAMSF 1996 Baseline Visitor Survey.¹⁴

Currently about 16 percent of Museum patrons arrive to the Golden Gate Park site via Muni, with about 26 percent projected to use Muni to get to the downtown site. Applying these ratios to the projected visitorship indicates 76,000 visitors arriving via Muni at the Golden Gate Park site versus 196,000 at the downtown site, as shown in Exhibit 8. These figures equate to 152,000 one-way trips generated by visitors to the Golden Gate Park site, versus 392,600 trips at the downtown site. Only one-half of these are assumed to be full fare (\$1.00) trips, with the balance assumed to be pass, senior/youth fare, or transfers. Thus, annual fare revenue generated by visitors to the Golden Gate Park site is estimated at \$76,000, versus \$196,300 generated by visitors to the downtown site.

¹³Based primarily on weekday parking rates at the Golden Gateway Garage and weekend rates at the Embarcadero Center parking garage. It is assumed that a portion of weekend parking is free, due to visitors validating parking at Embarcadero Center shops.

¹⁴This analysis assumes the same percentage of visitors will arrive via automobile at the new de Young in Golden Gate Park as at the existing Museum.

EXHIBIT 7
SUMMARY OF ANNUAL FISCAL BENEFITS TO THE
CITY AND COUNTY OF SAN FRANCISCO GENERAL FUND
M.H. DE YOUNG MEMORIAL MUSEUM
1997 DOLLARS

Revenue Source	Golden Gate Park Location	Downtown Location
Sales Tax (1)	\$64,625	\$152,125
Parking Tax (2)	\$4,322	\$211,648
TOTAL ANNUAL BENEFIT	\$68,947	\$363,773
Muni Fares (3)	\$76,000	\$196,300

Sources and Notes:

- (1) See Exhibit 5.
- (2) See Exhibit 6.
- (3) See Exhibit 8.

EXHIBIT 8
ANNUAL PROJECTED MUNI RIDERSHIP
M.H. DE YOUNG MEMORIAL MUSEUM
1997 DOLLARS

	Golden Gate Park Location	Downtown Location
Total Visitors (a)	475,000	755,000
Estimated percent of visitors arriving via Muni (b)	16.0%	26.0%
Estimated total visitors arriving via Muni	76,000	196,300
Estimated one-way trips	152,000	392,600
Estimated percent of trips paying full \$1.00 fare (c)	50.0%	50.0%
Estimated Annual Fare Revenue	\$76,000	\$196,300

Notes and Sources:

- (a) Sedway Group visitorship estimates.
- (b) FAMSF Baseline 1996 Visitorship Survey for Golden Gate Park location and Wilbur Smith Associates traffic study, 6/97: "M.H. deYoung Memorial Museum Site Selection Study Appendix F, Page 6" for the downtown location.
- (c) Assumes the remainder of trips are pass, senior/youth fare, or transfer. Per Wilbur Smith Associates.

REVENUES ACCRUING TO THE FAMSF

Sedway Group also projected total gross revenues accruing to the FAMSF at both locations. These revenue sources include admissions revenue, museum and cafe store sales, catering fees, and facility rental fees. Projected revenues at the two sites are summarized in Exhibit 9. As indicated, Museum revenues in the Golden Gate Park location are projected at \$3.4 million, about 42 percent of the revenue of \$8.0 million projected at the downtown location. Following is a brief discussion of these revenue sources.

- **Admission Revenue.** Admissions revenue at the existing de Young Museum averaged about \$2.76 per visitor in fiscal year 1996/97. This per visitor revenue figure is based on a paid admission ratio of 42.6 percent of all admissions, with the balance representing free admissions. FAMSF estimates that the paid admissions ratio will increase to 45 percent at the Golden Gate Park site and 55 percent downtown. The higher ratio downtown is based on presumed increased tourist and Bay Area (i.e., paying) visitors to the downtown site.

Applying these paid admission ratios to the average existing per visitor revenue of \$2.76 implies admissions revenue of \$2.91 per visitor in Golden Gate Park and \$3.56 per visitor downtown. Applied to the projected visitorship of 475,000 in Golden Gate Park and 755,000 downtown indicates admissions revenue of \$1.4 million at the Golden Gate Park location and \$2.7 million at the downtown location.

- **Museum Store.** As previously discussed, gross museum store revenue is projected at \$1.66 million in Golden Gate Park and \$4.1 million downtown.
- **Cafe Concession Fees.** The FAMSF receives concession fees from the operator of the Museum Cafe and in-house catering. These fees are equivalent to 6 percent of the first \$600,000 in gross sales and 10 percent of gross sales above \$600,000. As previously discussed, gross in-house catering sales are projected at \$500,000 in Golden Gate Park and \$1.0 million downtown, while cafe sales are estimated at \$1.07 million in Golden Gate Park and \$2.45 million downtown. This results in projected fees of \$133,000 in Golden Gate Park and \$321,000 downtown, as shown in Exhibit 9.
- **Facility Rental.** The FAMSF receives substantial revenues from renting its facilities for various events. Sedway Group analyzed facility fee rental revenue for the Legion of Honor and the de Young Museum to project fee revenue at the new sites. Fees for the rental of the entire facility averaged about \$8,400 per event in fiscal year 1996-97. These rental fees include only the large corporate events; smaller events (i.e., weddings at the Legion of Honor) are excluded.

The existing de Young Museum was rented out 12 times in the past year. Sedway Group and FAMSF staff estimate that this figure will double to 24 events at a new museum in the Park. This equates to fee revenue of about \$200,000, as shown in Exhibit 9. There were a total of 48 large events held at the Legion of Honor in the past year. Most of these events were hosted by downtown San Francisco firms for corporate events. Because of superior access to downtown businesses and convention center traffic, Sedway Group projects twice as many events at the downtown location, or 96. This equates to fee revenue of approximately \$800,000.

EXHIBIT 9
ESTIMATED ANNUAL GROSS REVENUES
FINE ARTS MUSEUMS OF SAN FRANCISCO
M.H. DE YOUNG MEMORIAL MUSEUM
DOWNTOWN vs. GOLDEN GATE PARK LOCATION

	Golden Gate Park Location	Downtown Location
Admissions Revenue (1)	\$1,382,250	\$2,687,800
Gift Shop Revenue (2)	\$1,662,500	\$4,152,500
Cafe Concession Revenue (3)	\$132,875	\$321,375
Facility Rental Revenue (4)	\$201,600	\$806,400
TOTAL	\$3,379,225	\$7,968,075

Notes:

	<u>Golden Gate Park</u>	<u>Downtown</u>
(1) <u>Admission Revenue (a)</u>		
Projected Visitors	475,000	755,000
Average Admission Fee per Visitor	\$2.91	\$3.56
Estimated Total Admission Revenue	\$1,382,250	\$2,687,800
(2) <u>Museum Store (b)</u>		
Estimated Annual Stabilized Sales - Museum Store	\$1,662,500	\$4,152,500
(3) <u>Cafe Concession Fees (c)</u>		
Estimated Catering Sales (in-house catering only) (b)	\$500,000	\$1,000,000
Estimated Annual Stabilized Sales - Cafe (b)	\$1,068,750	\$2,453,750
Total Concession Revenue	\$132,875	\$321,375
(4) <u>Facility Rental Revenue (d)</u>		
Estimated Number of Events (large events)	24	96
Average Fee per Event	\$8,400	\$8,400
Estimated Total Fees	\$201,600	\$806,400

Sources and Notes:

- (a) Source: FAMSf.
- (b) See Exhibit 5.
- (c) Includes concession fees from cafe sales and events catered by Edible Art, the FAMSf in-house caterer. Fee paid to FAMSf is based on 6% of first \$600,000 in gross sales and 10% of gross sales above \$600,000.
- (d) Based on review of actual FAMSf event revenue in 1996-97. Assumes an average of 24 events in Golden Gate Park and 96 events downtown. Golden Gate Park events based on twice the number of events currently held at the facility. Downtown events based on twice the number of large events at the Legion of Honor. Source: FAMSf.

IV. ECONOMIC IMPACTS

This chapter discusses the potential economic impacts associated with a new de Young Museum, located at either Golden Gate Park or a downtown location. An overview of previous studies related to the impact of the arts on the California and San Francisco economies is provided as an introduction to both the role of the arts and the de Young Museum in the local economy. Several case studies of museums that have undergone moves to downtown locations are also presented in this chapter, which provide informative testimony and tangible evidence of how a downtown museum interfaces with a city's economic activities. Finally, the potential for economic impacts generated by a new de Young Museum is evaluated for both the Golden Gate Park and downtown location scenarios.

THE ARTS IN SAN FRANCISCO

Numerous studies have been conducted that document the role San Francisco arts organizations play in the local economy. The most recent study, commissioned by the California Arts Council, *The Arts: A Competitive Advantage for California*, quantifies the economic impacts of nonprofit arts organizations on California as a whole. Although this study does not discuss the impacts on San Francisco specifically, it provides an overall framework for evaluating the arts and the various ways in which arts organizations contribute to the economy. Key components of this framework include the following:

- Economic impacts of arts organizations can be quantified by total spending by the organizations, total spending by arts audiences, and total jobs created by the arts.
- Many impacts are difficult to quantify (e.g., “creative multipliers”) such as quality of life enhancement, amenity for business attraction and retention, and relationship to surrounding residential and commercial property values.
- Visitor spending on the arts may have been diverted from other uses that may have also contributed to economic activity; therefore, only a portion of visitor spending can be considered a net economic stimulus. The study estimates that one-half of visitor spending on the arts is diverted from other uses.

Other studies reviewed by Sedway Group relevant to the arts in the San Francisco economy include a 1994 study conducted by the National Assembly of Local Arts Agencies entitled *Arts in the Local Economy*, and a 1990 study by the San Francisco Arts Commission and the San Francisco State University Public Research Institute entitled *The San Francisco Arts Economy*. Both of these studies quantify economic impacts associated with the arts in a manner similar to the framework utilized by the California Arts Council study, as described above. The San Francisco Arts Commission study, although outdated, provides the most comprehensive economic impact analysis of both nonprofit and for-profit arts organizations on the San Francisco economy, and estimates that the “overall arts-related economic value to the local economy in terms of income and value of artistic product during 1987 was

approximately \$1.2 to \$1.3 billion.”¹⁵ The de Young Museum, as one of San Francisco’s premier arts facilities and attractions, is an important component of the local arts economy, and the Museum’s future success will undoubtedly play a major role in the continued growth of this segment of the San Francisco economy.

CASE STUDIES

In order to determine the potential economic impacts associated with a new de Young Museum at either Golden Gate Park or a downtown location, Sedway Group conducted telephone interviews with staff members of several museums around the country that have experienced locational changes. Visitorship findings on these museums were reported in an earlier section of this report; this section is intended to provide an overview of impressions and experiences related to museum relocations and the resulting economic impacts, based largely on anecdotal evidence.

Seattle Art Museum

The Seattle Art Museum moved from Volunteer Park, an East Seattle residential district, to downtown Seattle in December of 1991. The new museum building was built about one block away from Pike’s Place Market, within the free bus ride zone downtown and near a Gray Line tourist stop. According to museum officials, the new downtown location has made a big difference in patronage, largely in the capture of the tourist market segment. Tourists are more likely to visit the museum now that it is within walking distance of some of Seattle’s most popular tourist attractions, as well as the city’s major hotels, retail attractions, and restaurants. Symbolic of the positive economic impacts associated with the downtown museum location, the Seattle Symphony is now planning to move downtown.

Dallas Museum of Art

The Dallas Museum of Art moved from Fair Park, set in a somewhat depressed South Dallas neighborhood, to downtown Dallas over ten years ago, back in 1985. The oil and gas markets collapsed soon after the museum’s move to downtown, making it difficult to ascertain any immediate economic impacts on the city given the overall depressed state of the economy. However, in recent years, the museum’s downtown location in an emerging arts district has proven to be quite successful. Because the museum does not charge admission, increases in visitorship since the move are based on museum staff estimates and opinions. Staff members interviewed stated that visitorship appears to be greater than it was at the Fair Park location, and described the museum’s current location as being synergistic with its downtown surroundings, which include the Fairmont Hotel, numerous restaurants, and a growing supply of apartments and lofts, which are home to upper income urban professionals who frequent the museum. Similar to the Seattle case study, the Dallas Museum of Art was a key catalyst in attracting the local symphony to move downtown, and the Dallas Symphony is now located just two blocks away from the museum. Finally, the downtown museum location is increasingly attracting the downtown office worker market segment for weekday lunches and noontime museum tours.

¹⁵The San Francisco Arts Economy; the San Francisco Planning Department, San Francisco Arts Commission, and the San Francisco State University Public Research Institute, June 1990, p. 2.

San Francisco Museum of Modern Art (SFMOMA)

The move of the SFMOMA is perhaps the most significant case study for purposes of this analysis, both in terms of its tremendous increase in visitorship as well as its catalytic role in creating a thriving downtown arts district. However, it is important to consider that the previous SFMOMA site in the Civic Center was less than optimal and should not be viewed as similar to the de Young's current location at Golden Gate Park.

As is stated in the visitorship section of this report, the new SFMOMA experienced a tripling of attendance in its first two years, with non-Bay Area visitors comprising over 50 percent of admissions. The large percentage of tourists visiting the museum is likely due to the new location's accessibility, visibility, and proximity to numerous hotels, retail attractions, and tourist destinations. Additionally, the neighboring Moscone Convention Center generates over one million convention and trade show attendees annually, many of whom visit the museum, shop in the gift shop, or eat in the cafe.

ECONOMIC IMPACTS OF THE DE YOUNG MUSEUM

As demonstrated by the above case studies, a downtown museum location has the ability to contribute to, as well as benefit from, surrounding economic activities. On weekends in particular, a new Museum located downtown will be of tremendous benefit to downtown businesses. Many shops and restaurants that close on weekends in the absence of the downtown workforce may experience an increase in demand for their goods and services over the weekend, as thousands of Museum visitors visit the downtown area.

The visitorship factors evaluated and discussed earlier in this report place a high level of significance on such synergistic factors as nearby attractions, restaurants and shopping, as well as hotel rooms and employment. For these factors, a new de Young Museum at Golden Gate Park received a score of 27 points, while the preferred downtown Mid-Embarcadero site received a score of 33 points, out of a possible 35 points. Potential economic impacts associated with each of these visitorship factors are described below, and compared between the park and downtown sites.

Nearby Attractions

Both the Golden Gate Park and downtown sites are close to a variety of visitor attractions, as listed in Exhibit 4. However, the attractions within proximity to the current Museum location are largely contained within Golden Gate Park and do not provide many opportunities for significant visitor spending. Nearby downtown attractions, on the other hand, which include Fisherman's Wharf, Union Square, Chinatown and the Embarcadero Center (including cinemas and programmed events), provide numerous opportunities for visitor spending. Visitors to a downtown de Young Museum are therefore likely to inject more money into the local economy than they would at the Golden Gate Park site given the relatively greater spending opportunities available near the downtown site. Additionally, people visiting the many downtown attractions may be more inclined to visit the de Young if it is located within walking distance. The likelihood of a spontaneous visit to the Museum if it were located downtown is far greater than the likelihood of such a visit to the park, assuming most visitors are already visiting other attractions downtown.

Restaurants and Shopping

Proximity to restaurants and shopping create the same opportunities for increased economic activities as is discussed above for nearby attractions. While there do exist several popular neighborhood restaurant and retail districts around Golden Gate Park, they are smaller in comparison to the number and variety of restaurants and retail located within proximity to a downtown site. North Beach, Chinatown, South of Market, the Waterfront, Union Square, and the downtown financial district are all easily accessible from a downtown Museum location and create strong synergies for Museum visitorship and increased local spending.

Hotel Rooms

Experiences at SFMOMA and in Seattle indicate that proximity to hotel rooms has resulted in a substantial increase in tourists and, correspondingly, visitorship and economic activity. According to information provided by Wilbur Smith Associates, there are no hotel rooms within a one-half mile radius from the Museum's current Golden Gate Park site, while there are only 119 hotel rooms within a one-mile radius. In contrast, within a one-half-mile radius from the preferred downtown Mid-Embarcadero site there are 2,105 hotel rooms, and within a one-mile radius there are 15,199 hotel rooms.

Employment

The City of San Francisco's employment base represents a significant market segment for museum visitorship; however, the de Young Museum has not traditionally captured a large portion of this market. The Dallas Museum of Art has demonstrated that a downtown location does enhance a museum's ability to capture a greater portion of this market, particularly for lunch and noontime programs. The de Young Museum's current location in Golden Gate Park makes it difficult to attract the downtown employment base of almost 200,000 people, while a downtown location would put the Museum within close proximity to this highly concentrated employment base. Furthermore, downtown San Francisco businesses may develop an interest in hosting special events at a downtown de Young Museum.

Estimated Visitorship Impacts

Although it is difficult to quantify the specific economic impacts associated with a new de Young Museum located in Golden Gate Park versus a downtown location, an order of magnitude of such impacts can be inferred by the projected visitorship trends and fiscal impact assumptions previously presented in this report.

Sedway Group estimates that a new de Young Museum located at its current site in Golden Gate Park would experience a stabilized visitorship of 475,000 people, while a new Museum at the preferred downtown Mid-Embarcadero location would experience a stabilized visitorship of 755,000 people. The net annual increase of 280,000 visitors to a new downtown Museum is projected to generate an additional \$4.4 million in annual taxable sales, \$830,000 in annual parking revenues, and \$120,300 in annual Muni fare revenue, in comparison to spending generated by a new de Young Museum in Golden Gate Park. Assuming that half of this increase in visitor spending is diverted from other San Francisco attractions, a new downtown de Young Museum is projected to inject approximately \$2.7 million in

annual direct spending into the local economy. This projection accounts only for direct Museum and transportation spending, and does not include additional spending that may occur at other attractions, restaurants or hotels as a result of a visit to the de Young Museum.

Spending by Museum visitors has a direct and significant impact on the local economy. When visitors spend dollars in San Francisco, local businesses and individuals receiving these dollars in turn spend a portion of them in the local area. The recipients of that second round of spending also expend a certain amount locally, and the process continues through successive cycles in an ever-diminishing spiral. Because this spending and re-spending is induced by, and would not occur in this case without, initial expenditures by Museum visitors, the total monetary flow of all such spending can be attributed to the Museum. However, tracing the number of times each de Young Museum-related dollar recycles through the local economy would be an impossible task. To achieve this calculation, the concept of the economic multiplier is used to quantify the successive cycles of re-spending in the economy. Although Sedway Group has not determined the specific multipliers appropriate for Museum-related spending, selecting a conservative gross multiplier pursuant to industry trends of 1.5 would represent \$4.1 million in total spending (direct and indirect spending) generated by the initial \$2.7 million in direct Museum and transportation spending.

Employment Impacts

Currently, FAMSF staff does not anticipate that direct Museum employment will vary between a new facility in the park and a new facility downtown. The most likely employment impacts, however, would occur if the Museum changed from a five-day to a six-day schedule and operated a street-level retail store with expanded retail hours. These changes may occur if the de Young were to relocate downtown, resulting in an increase in security, maintenance and store employees.

SPECIAL EXHIBITIONS AND ECONOMIC IMPACTS

Special exhibitions, or “blockbusters,” generate increased visitorship to the de Young Museum and are often the primary destination for visitors coming to San Francisco from outside the City. The following example illustrates the magnitude of economic impacts associated with such a special exhibition.

A June 1995 de Young Museum visitor survey during the Monet exhibition indicates that of those visitors coming to the Museum from outside San Francisco, 67 percent (or 164,177 visitors) stated that the presence of the Monet exhibition was a key factor in their decision to travel to San Francisco. For this 67 percent of the special exhibition visitor segment, therefore, any spending on food, entertainment or other purchases can be directly attributable to the de Young Museum and its ability to draw people into San Francisco. The June 1995 survey also indicates that these out-of-town visitors spent an average of \$31 on food, \$15 on entertainment, and \$24 on other purchases while in San Francisco, for a total of \$70 per person surveyed. Multiplying 164,177 people by \$70 yields almost \$11.5 million in spending captured in San Francisco that can be attributed to the Monet exhibition at the de Young Museum.

ECONOMIC IMPACTS CONCLUSION

A new and expanded de Young Museum will generate increased visitorship, and therefore economic impacts, regardless of whether it is located in Golden Gate Park or downtown. However, Sedway Group's projections for more substantial and sustained visitorship growth at the preferred downtown Mid-Embarcadero site support the conclusion that more substantial and sustained economic impacts will be generated by the Museum at the downtown location. Some of the key factors that influence visitorship – nearby attractions, restaurants and shopping, as well as hotel rooms and employment – are the same factors that can enhance economic impacts. This chapter's discussion of these factors at the park and downtown sites indicate that a downtown location for a new de Young Museum is relatively more conducive to increased economic activities and visitor spending.

V. SUMMARY OF FINDINGS

MUSEUM VISITORSHIP

Irrespective of the quality of a museum's collections or special exhibitions, Sedway Group's research indicated that the level of museum visitorship is contingent upon several locational factors, including transportation accessibility, synergy with nearby uses, perception of safety, other accessibility, and site visibility. Based upon an objective analysis of the site attributes of the Golden Gate Park site and the Mid-Embarcadero site, Sedway Group determined that the Mid-Embarcadero site has a greater ability to attract visitors than the Golden Gate Park site. This enhanced visitorship potential is primarily attributable to the downtown's relatively greater accessibility. Hence, Sedway Group believes that relocation of the Museum to Mid-Embarcadero (or an alternate downtown site) could result in a substantial increase in visitorship over current levels during both the initial years of the new facility as well as at stabilization.

Based upon the experience of other museums, Sedway Group projects that Museum visitorship will increase regardless of which alternative site is ultimately selected. A new facility at the Golden Gate Park site is expected to include features that would enhance visitorship. However, visitorship is projected to be much greater at the Mid-Embarcadero site. Over the past seven years, the Museum's average annual visitation totals 574,000 (430,000 net of the Museum's estimate of primary attendance at the Asian Art Museum). Experience at other museums indicates that following museum relocation or rehabilitation, there is an initial one to two years of very high attendance due to publicity and the novelty of the new facility. After this flood of interest, attendance declines to a long-term stabilized level. For the de Young Museum, Sedway Group projects that this stabilized level will total approximately 475,000 for the Golden Gate Park site, for an increase of 10 percent over the current annual average. This is based on the current access and parking status in the Park, with closure of John F. Kennedy Drive on Sundays and no parking garage. In contrast, this stabilized level is projected to total approximately 755,000 for the Mid-Embarcadero site, for an increase of 75 percent. Thus, Museum visitorship could be 60 percent higher if the Museum were located at the Mid-Embarcadero site versus Golden Gate Park.

FISCAL BENEFIT TO SAN FRANCISCO AND REVENUES TO FAMSF

The Museum-related fiscal benefit accruing to the City and County of San Francisco will largely depend on Museum visitorship, as more visitors translate into greater potential sales tax revenue, which is the study's primary determinant of fiscal benefit. Thus, the sites are primarily differentiated, from a fiscal standpoint, by their projected visitorship. With greater visitorship projected for a downtown site, revenues will also be correspondingly greater. Relocation of the de Young Museum to a downtown site is anticipated to generate approximately \$364,000 in annual tax revenues to various San Francisco funds, compared with about \$69,000 projected to be generated by a new museum in Golden Gate Park. In addition, Muni patronage is anticipated to increase at the downtown site, with an estimated 392,600 trips resulting in \$196,300 in fare revenue, compared with approximately 152,000 trips and \$76,000 in fare revenues at the Golden Gate Park location.

Revenues accruing to the FAMSF are similarly tied to projected visitorship. Museum revenue sources include admissions revenue, museum store sales, cafe sales, catering fees, and facility rental fees. Sedway Group estimates that the relocated de Young to a downtown site will generate an estimated \$8.0 million per year in gross revenue to the FAMSF. A new museum in Golden Gate Park is estimated to generate approximately \$3.4 million in gross revenue to the FAMSF.

ECONOMIC IMPACTS

Economic impacts attributable to a new de Young Museum, like fiscal benefits, are directly related to museum visitorship projections. Sedway Group's projections for more substantial and sustained visitorship growth at the preferred downtown Mid-Embarcadero site therefore support the conclusion that more substantial and sustained economic impacts will be generated by the Museum at the downtown location. Some of the key factors that influence visitorship – nearby attractions, restaurants and shopping, as well as hotel rooms and employment – are the same factors that enhance economic impacts.

Sedway Group estimates that a new de Young Museum located at its current site in Golden Gate Park would experience a stabilized visitorship of 475,000 people, while a new Museum at the preferred downtown Mid-Embarcadero location would experience a stabilized visitorship of 755,000 people. The net annual increase of 280,000 visitors to a new downtown Museum is projected to generate an additional \$4.4 million in annual taxable sales, \$830,000 in annual parking revenues, and \$120,300 in annual Muni fare revenue, in comparison to spending generated by a new de Young Museum in Golden Gate Park.

Assuming that half of this increase in visitor spending is diverted from other San Francisco attractions, a new downtown de Young Museum is projected to inject approximately \$2.7 million in annual direct spending into the local economy. This projection accounts only for direct Museum and transportation spending, and does not include additional spending that may occur at other attractions, restaurants or hotels as a result of a visit to the de Young Museum.

CUMULATIVE FINDINGS

Sedway Group's findings conclude that relocation of the de Young Museum to the Mid-Embarcadero site, or any well-located downtown site, will be favorable for the Museum as well as for the City and County of San Francisco and the local business community. Visitorship is projected to be substantially higher for the Museum if it is relocated to downtown rather than rebuilt at its current location largely because of downtown's overall superior accessibility from various modes of transportation. This enhanced visitorship is anticipated to fuel an increase in revenues accruing to the City and County of San Francisco as well as other economic impacts spilling over into the local economy. Also, the increased visitorship is anticipated to provide much needed revenues to support the Museum's popular education and exhibition programs.

ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

Sedway Group has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although Sedway Group believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

This report may not be used for any purpose other than that for which it is prepared. Neither all nor any part of the contents of this study shall be disseminated to the public through publication advertising media, public relations, news media, sales media, or any other public means of communication without prior written consent and approval of Sedway Group.

